

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 NEA-10 L-03 H-01 IO-13 PA-01
ICAE-00 SSO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03 SP-02 LAB-04
SIL-01 OMB-01 SS-15 STR-07 CEA-01 NSCE-00 INRE-00
AGR-01 OES-09 /111 W
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O 310650Z JUL 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC IMMEDIATE 9347

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USADB

FOR ROBERT WARNE

PASS TREASURYDEP FOR SHERK

PASS USDOC

EO 11652:NA
TAGS: EGEN, ETRD, BEXP
SUBJECT: US PROCUREMENT FROM ASIAN DEVELOPMENT BANK

SUMMARY: I HAVE JUST RECEIVED A SUMMARY OF ADB-FINANCED
CONTRACTS THAT WERE AWARDED ON THE BASIS OF INTERNATIONAL
COMPETITIVE BIDDING (ICB) AND WISH TO SHARE TENTATIVE
CONCLUSIONS BASED ON A PRELIMINARY REVIEW OF THE DATA.
OUT OF A TOTAL OF 1523 CONTRACTS REVIEWED U.S. SUPPLIERS
BID ON 324 AND RECEIVED AWARDS FOR 111. U.S. FIRMS
ACHIEVED A MUCH HIGHER PERCENTAGE OF SUCCESS ON CONTRACTS
ON WHICH THEY BID THAN WE HAD ANTICIPATED. THE KEY CON-
SIDERATION IN THE OVERALL POOR U.S. PROCUREMENT PER-
FORMANCE WOULD SEEM TO BE IN THE LACK OF INTEREST IN
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BIDDING ON THE PART OF U.S. FIRMS. TENTATIVE FINDINGS
BASED ON THE DATA INDICATE THAT: (1) U.S. FIRMS WON BIDS
IN ABOUT ONE THIRD OF THEIR ATTEMPTS, (2) U.S. FIRMS
WERE MOST SUCCESSFUL IN BIDDING ON TENDER OFFERINGS IN
POWER, HIGHWAY/ AIRPORTS, IRRIGATION AND INDUSTRY/
EDUCATION PROJECTS WHILE THEIR POOREST PERFORMANCE WAS
IN AGRICULTURE (EXCLUDING IRRIGATION), FISHERIES, AND

PORTS/RAILROADS. THE DATA ALSO SHOWED THAT BIDS OF U.S. FIRMS IN 28 PERCENT OF ALL CONTRACTS IN WHICH THEY PARTICIPATED WERE REJECTED FOR LACK OF RESPONSIVENESS TO TENDER OFFERINGS OR WERE OTHERWISE DISQUALIFIED. EIGHT PERCENT OF U.S. BIDS WERE WITHIN 10 PERCENT OF THE SUCCESSFUL BID PRICE, WITH ONE FIFTH OF THE U.S. BIDS AT LEAST 25 PERCENT ABOVE THE AWARD PRICE. THESE FIGURES INCLUDE ONLY THE LOWEST UNSUCCESSFUL U.S. BID PRICE AND DO NOT REFLECT THE GREATER DISPARITY IN PRICES THAT WERE FOUND AMONG UNSUCCESSFUL U.S. BIDDERS. END SUMMARY.

1. THE DATA WAS PROVIDED TO ME ON AN INFORMAL BASIS BY J.B. CARTER, DIRECTOR OF PROJECTS II DIVISION OF THE BANK. IT INCLUDES 1523 CONTRACTS FOR GOODS AND SERVICES AND FOR CONSULTANTS AWARDED SINCE 1969 ON THE BASIS OF INTERNATIONAL COMPETITIVE BIDDING, I.E., FOR CONTRACTS OVER 50,000 DOLS. THE DATA IS VIRTUALLY COMPLETE FOR 1973 TO THE PRESENT WITH THE EXCEPTION OF CONTRACTS AWARDED BY NATIONAL DEVELOPMENT BANKS TO SUB-BORROWERS. THE NATIONAL DEVELOPMENT BANKS ARE PERMITTED TO USE INTERNATIONAL SHOPPING PROCEDURES RATHER THAN ICB FOR PROCUREMENT. THE INFORMATION PRIOR TO 1973 IS INCOMPLETE AS MAINTENANCE OF THE PROCUREMENT SUMMARY SHEETS FOR TENDER OFFERINGS WAS NOT OBLIGATORY. THE 324 CONTRACTS IN WHICH U.S. FIRMS PARTICIPATED WERE VALUED AT 60.7 MILLION DOLS. THIS COMPARES WITH A TOTAL OF APPROXIMATE LIMITED OFFICIAL USE

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MATELY 1600 CONTRACTS AWARDED TO U.S. FIRMS OVER THIS PERIOD TOTALING ABOUT 149 MILLION DOLS. THE PRINCIPAL REASON FOR A DISCREPANCY BETWEEN THE TWO FIGURES IS THE LARGE NUMBER OF CONTRACTS AWARDED TO U.S. FIRMS BY NATIONAL DEVELOPMENT BANKS AND BY EXECUTING AGENCIES FOR CONTRACTS BELOW 50,000 DOLS, UNDER THE PREVIOUSLY MENTIONED INTERNATIONAL SHOPPING PROCEDURES.

2. IT IS INTERESTING THAT THE LARGEST AWARDS TO U.S. FIRMS UNDER ICB WERE MADE IN 1973, 1974 AND 1975 FOR A TOTAL OF 18.2, 15.3 AND 10.9 MILLION DOLS RESPECTIVELY. THESE REPRESENTED 19, 33 AND 23 PERCENT RESPECTIVELY OF CONTRACTS IN WHICH U.S. FIRMS PARTICIPATED. WHILE U.S. FIRMS PARTICIPATED IN ONLY 21 PERCENT OF ALL TENDER OFFERINGS FOR THE ENTIRE PERIOD UNDER ICB, THEY WERE SUCCESSFUL IN 34 PERCENT OF THESE BIDS. PERHAPS THE LESSON TO BE LEARNED FROM THE DATA IS THE NECESSITY FOR INCREASED U.S. PARTICIPATION IN ADB FINANCED TENDER OFFERS.

3. U.S. FIRMS WERE MOST EFFICIENT IN BIDDING ON POWER PROJECT TENDERS WITH A 37 PERCENT SUCCESS RATE WHILE

HIGHWAYS/AIRPORTS WERE SECOND BEST WITH 23 PERCENT SUCCESS IN WINNING AWARDS. THE NUMBER OF CONTRACTS IN THESE TWO AREAS APPEARS TO BE DECREASING AS THE BANK TURNS ITS ATTENTION MORE TO BASIC HUMAN NEEDS ACTIVITIES. THIS TENDENCY MAY BE AMELIORATED BY THE OVERALL INCREASE IN LENDING BY THE ADB. THE HIGHEST NUMBER OF CONTRACTS ISSUED IN POWER, HIGHWAYS AND AIRPORTS WAS BETWEEN 1974 AND 1976. THE POOREST PERFORMANCE APPEARS TO BE IN AGRICULTURE (EXCLUDING IRRIGATION), FISHERIES AND WATER SUPPLY WHERE 9, 10 AND 11 PERCENT SUCCESS RESPECTIVELY WAS ACHIEVED BY U.S. FIRMS. CONTRARY TO POWER AND HIGHWAYS THE TREND IN ADB CONTRACT AWARDS FOR AGRICULTURE AND WATER SUPPLY PROJECTS IS INCREASING.

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ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 L-03 H-01 NEA-10 IO-13 PA-01
AID-05 CIAE-00 COME-00 EB-08 FRB-03 INR-10
NSAE-00 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01
SS-15 STR-07 CEA-01 INRE-00 ICAE-00 SSO-00 NSCE-00
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TO SECSTATE WASHDC IMMEDIATE 9348

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FOR ROBERT WARNE

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4. WE WILL POUCH THE DETAILED INFORMATION TO YOU SHORTLY.
EDMOND

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROCUREMENT, DEVELOPMENT BANKS, CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 31 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MANILA13071
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780312-0983
Format: TEL
From: MANILA USADB
Handling Restrictions: n/a
Image Path:
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Litigation History:
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Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
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Review Date: 04 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1944351
Secure: OPEN
Status: NATIVE
Subject: US PROCUREMENT FROM ASIAN DEVELOPMENT BANK SUMMARY: I HAVE JUST RECEIVED A SUMMARY OF ADB-FINANCED CONTRACTS THAT WERE AWARDED ON THE BASIS OF INTERN
TAGS: EGEN, ETRD, BEXP, US
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/155d3570-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
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